



# Institute of Cadastral Surveying (Inc)

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## SUBMISSION::

### Updating Fees for Survey and Title Services (2024)

To: **Land Information NZ**  
[feesreview@linz.govt.nz](mailto:feesreview@linz.govt.nz)

This submission is on behalf of the *Institute of Cadastral Surveying* (ICS).

The ICS is an organisation whose membership is actively engaged in cadastral surveying.

This response represents the collective views of the ICS, and is based on the experience and operational knowledge of our members who are significant creators and users of the survey and title information records.

It is also submitted in the best interests of landowners and the public - our clients. It should be emphasised that these end-users are basically the funders of the current survey system, but do not have a real pathway to submit on this matter. Surveyors (and lawyers) are therefore their best advocates.

The ICS have:

- **engaged with LINZ** on previous fee review matters including the 2018 consultation and subsequent 2021 review submission process that shared our viewpoints;
- provided our expert input as an invited **participant in the Stakeholders Panel** prior to the 2021 Fees Review;
- **made representations** on previous fee increases to the Minister of Land Information;
- sought and **received feedback** from members on the proposed fees – and this feedback is incorporated within this submission;
- discussed and considered the feedback and the wider impacts of the proposed fees amongst our **Executive Team** in order to further formulate an informed ICS response;
- encouraged members to make **individual submissions** on the Fees Review.

We thank you for the opportunity to provide feedback on the proposed Fees Review, and trust that you will be able to incorporate the consensus of all submissions received in the best interests of the survey system, and in terms of the Cadastral Survey (Fees) Regulations 2003.

Questions and clarifications can be requested via the ICS Secretary (Brent George) – [sec@ics.org.nz](mailto:sec@ics.org.nz)

## KEY POINTS:

### The ICS does not support the survey fee recommendations.

- As with our submission for the 2021 fees review, we are again disappointed that the fee recommendations set out within the consultation document do not address the fundamental flaws of the LINZ fees model, and apportionment of “survey” and “titles” costs. We respectfully request that LINZ review the fee components of the proposed updated fees as part of this review.
- **Fairness::** It is apparent that the cadastral users (legal and survey) and their clients are the only ones targeted to pay the costs for the land information system – which includes many other components of the department that are peripheral to the actual functioning and delivery of the survey and title services. This is unfair on the user-payers – our Clients.
- **Inequitable Application of Policy::** Some land information data is provided fee of charge (via LINZ Data Service), whereas user-generated data (survey plans for example) are retained by LINZ and on-sold without recompense to the original creator of that data (or their client). There appears to be no intention or attempt to recover some level of revenue from external GIS type providers that harvest and on-sell the enriched land information data that is captured and populated by surveyors and legal agents.
- **Inadequate provision for the “public good” value::** The discussion document again acknowledges that the property rights system and cadastre are important national assets that provide economic benefits beyond those gained by individual landowners as part of their property transactions. Yet there is still no recognition of this national benefit by way of annual government investment into it (rather than relying on the “user-pays” funding regime).

The ICS have identified some **critical aspects** of the proposal which we consider need your further consideration.

These are summarised as follows, and are further described in the tables thereafter, with more detailed narrative included within the “General Issues” section that complete this submission:

- **Survey and Title fee Recommendations:** An alternative fee table is suggested that proposes a “reasonable” level of fee charged for the respective items.
- **LINZ Fees Model:** The LINZ fees model needs review – or adjustment – to account for the complexity and inter-relationship of survey and title information within the system.
- **Alternative funding approaches:** Options need to continue to be considered – at greater depth and potentially as a combination of funding solutions.

Survey and Title fee Recommendations:	
	<p>Primarily, an update of survey and title fees as proposed <i>is opposed by the ICS</i> <sup>1</sup>.</p> <p>However, we acknowledge that as the current funding system seeks to recover costs for the services provided and also for the repayment of the Crown loaned capital to rebuild Landonline - and as there is a forecast deficit in the memorandum account - we accept that an increase in survey and title fees will be a fait accompli.</p> <p>Specifically, it is the <b>scale and apportionment</b> of the fee amounts that the ICS object to.</p>

<p><b>Fees model review</b></p>	<p>Beyond the suggested options LINZ has proposed, the ICS respectfully suggests that:</p> <ul style="list-style-type: none"> <li>• The fees model is reviewed and adjusted to account for the inter-connectedness of the survey and title information that populates Landonline.</li> <li>• An additional criterion is applied when reviewing and updating fees – that being a “reasonableness” factor that assesses the fee in terms of its importance and relevance to the transaction.</li> </ul>
<p><b>Alternate fee table</b></p>	<p>We have compiled a table of updated fees that reflects an alternate assessment of the fee charges. This is based on the proposed LINZ fees with an adjustment to the fee component after application of a reasonableness test.</p>
<p><b>Costs of service inadequate</b></p>	<p>We consider that continuing to apply a cost recovery update to the fees based purely on the costs of the service does not:</p> <ul style="list-style-type: none"> <li>○ realise a sustainable income stream in the long-term;</li> <li>○ fully account for the inter-connectedness of the survey and title information that populates Landonline;</li> <li>○ address the current inequity in funding where alternative funding sources from other significant beneficiaries of the wider cadastral system have not been sufficiently explored;</li> <li>○ address those benefits and cost savings of the electronic Landonline system which were promised and have not been delivered;</li> <li>○ result in accountability in the delivery of services – specifically timeliness;</li> <li>○ account for any recovery for the availability and delivery of land information data without cost to GIS users;</li> <li>○ consider fairly who has paid for and should pay for a maintenance of legacy Landonline and the rebuild of the new Landonline system.</li> </ul> <p>[<sup>1</sup> A survey of ICS Members about the level of current LINZ fees was completed. 44% of Members indicated that the current fees were too high. 48% of Members indicated that the current fees were “about right”.]</p>

<p><b>LINZ Fees Model:</b></p>	
	<p>The LINZ fees model is reportedly based on a detailed activity-based costing model, that identifies the specific costs of processing transactions and operating Landonline.</p>
<p><b>Model needs review or updating</b></p>	<p>The ICS has concerns that the fees model does not fully reflect the complex relationship of the survey information where it is used to define and support property rights information that flow into the title records and supporting instruments/documentation.</p>
<p><b>Integrity and reliability</b></p>	<p>How can the ICS – and other stakeholders – be sure that the model used is accurate, relevant, and fit for purpose?</p>
<p><b>Need to account for a public good component</b></p>	<p>Also, the fees model does not currently allow for any public good economic benefit beyond the landowner – to local and central government, or other users.</p>
<p><b>Additional criteria applied</b></p>	<p>The ICS suggests that an additional criterion of “reasonableness” is applied after the attribution of the fees model costs. This criterion being along the lines of “<i>Is the fee being charged <u>reasonable</u> in terms of the status of the information or service being provided?</i>”</p>
<p><b>Improved revenue outcome</b></p>	<p>We believe that this will improve the outcome of the fees review by delivering a better overall revenue return - an improvement for LINZ – and Landonline.</p>

<p><b>Alternative Funding Approaches:</b></p>	
	<p>Three alternative funding approaches were reported to have been considered.</p>

<p><b>Alternatives require further serious consideration</b></p>	<p>It is not clear how much effort was applied to the analysis of these alternatives – although Appendix 6 Table 9 summarises the ‘narrow assessment’ against the five evaluation criteria used for the fees review.</p> <p>Nevertheless, the ICS strongly urges LINZ to further explore and seriously consider seeking government support and implementing a combination of the alternative funding approaches to support and fund the property rights system, ideally all three<sup>1</sup>.</p> <ul style="list-style-type: none"> <li>• Fees and charges – to set a base rate based on the costs to provide the service with a “reasonableness” adjustment</li> <li>• Levy system – to reflect the club good component of the system</li> <li>• Crown funding – to reflect the acknowledged public good component of the system</li> </ul> <p><sup>1</sup> 36% of ICS Members favoured a fees and charges system. 32% favoured a combination of the Fees and Levy system, and 16% favoured a combination of all three approaches.</p>
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## Summary

1. The ICS is dissatisfied with tenet of the discussion document that (again) fails to fully recognise the inter-connectedness of the land information system beyond the basic apportioning of costs for LINZ to provide the survey and titles ‘service’.
2. We consider that the LINZ fees model used to attribute the costs of providing survey and title services is flawed – and is an inadequate way of apportioning the costs in a fair and reasonable manner.
3. The proposed fees are based on a cost-attribution fees model, projected transaction volumes, and five generic cost recovery criteria drawn from Treasury principles. If any component of these models, estimates, or subjective criteria are awry, then the subsequent outcomes will be affected.
4. The proposal to increase the fees for electronic search for a title or survey plan by 50% does not align with the justification that the general increase is based on the costs of service. The existing documents have been imaged, and new documents are electronically created as part of the processing. Noting that there are over 3-million such searches annually, there is no justification for the \$3 increase per document as other than one of greed.
5. We suggest a refocus of the proposed fees beyond the ‘cost of service’ model alone. The fees need to include a final adjustment that accounts for a ‘reasonableness’ factor. A suggested alternate fee schedule is noted below (Table 1).
6. The 3-June-2021 Cabinet Paper presented by the Hon Damien O’Connor as Minister for Land Information in relation to the 2021 Fees Review included clear directives to the Department to *further test additional funding options* and *review broader funding arrangements* which have not – in our opinion - been thoroughly assessed by LINZ as part of this review.
7. And a Member comment to set the scene:  
*Over the last 20 years or so surveyors have spent vast amounts of money and time improving their efficiency in the field to the point where what was a two-person two-day survey, can now be done by one person in half the time. Meanwhile populating Landonline with that same survey has added about 25% of office time. And if one extracts data from Landonline, it still must be checked against the original survey plan. Surveyors have done their best to improve the country’s GDP, meanwhile the LINZ requirements (by way of data integration and rules compliance etc) - and local government planners to be fair - have snaffled up that productivity gain.*

**Table1: Alternate Fee Schedule - ICS**

<i>Examples of typical fees</i>	<i>Current fees</i>	<i>Proposed fees<sup>2</sup></i>	<i>Percentage change</i>	<i>Forecast volume (Table5)<sup>3</sup></i>	<i>Revenue<sup>1</sup></i>
<b>Survey</b>					
CSD with survey information	\$ 850	\$ 1,000	18%	10130	\$ 10,130,000
CSD without survey information	\$ 550	\$ 650	18%	2000	\$ 1,300,000
Primary parcel fee	\$ 100	\$ 135	35%	60110	\$ 8,114,850
Non-primary parcel fee	\$ 60	\$ 80	33%	97370	\$ 7,789,600
Non-primary parcel (permanent structure)	\$ 75	\$ 110	47%	14160	\$ 1,557,600
<b>Title and Notices</b>					
Registering or depositing an instrument (electronic)	\$ 90	\$ 150	67%	662360	\$ 99,354,000
Registering or depositing an instrument (other)	\$ 180	\$ 300	67%	1570	\$ 471,000
Depositing a plan	\$ 150	\$ 200	33%	14560	\$ 2,912,000
Creating a record of title	\$ 145	\$ 200	38%	74470	\$ 14,894,000
<b>Search</b>					
Copy of title, instrument, or survey plan	\$ 6	\$ 6	0%	3131970	\$ 18,791,820
					<u>\$ 165,314,870</u>

Notes:

- 1 Not inclusive of all transactions.
- 2 Use LINZ proposed fee as a base with ICS adjustment applied.
- 3 From Appendix 1 Table 5 of the LINZ Discussion Document.

## GENERAL ISSUES – Discussion Document:

The following narrative addresses points identified within the LINZ Discussion Document that the ICS has identified as being relevant to our submission and arguments.

Note that the Discussion Document addressed similar aspects of the issues within multiple sections of the document. Therefore, some repetition is reproduced in our responses below. Where possible, we have cross-referenced these common aspects.

Section 1: Executive Summary	
<p><b>Paragraph 1:</b> Secure, efficient, and timely services</p>	<ol style="list-style-type: none"> <li>1. We agree that the land title register, and cadastral survey records (the “survey and title services”) are <i>secure</i> within LINZ custodianship.</li> <li>2. It may be LINZ’s view that the services are provided in an <i>efficient</i> and <i>timely</i> manner – however we cannot wholly agree with this.               <ol style="list-style-type: none"> <li>a. We have been consistent in our appeals to LINZ to reduce the survey and title processing times for datasets. Despite some recent reduction in survey processing times, the targeted ~10 days for routine or complex datasets is still not being consistently delivered.</li> </ol> </li> </ol>
<p><b>Paragraph 2:</b> Fees are charged to the users of the services</p>	<ol style="list-style-type: none"> <li>3. It is LINZ’s view that the services primarily provide a private benefit to the person receiving the services.               <ol style="list-style-type: none"> <li>a. We have previously laboured the point that there are public good aspects related to the population of the cadastral database that benefit others. LINZ have acknowledged this with the consideration of a levy and Crown funding options as alternative approaches to funding.</li> <li>b. In addition, there are many commercial users that utilise the rich data that is available free of charge via the LINZ Data Service following the population of the cadastral database by survey activity.                   <ol style="list-style-type: none"> <li>i. The LINZ Data Service is an open online database of current land and seabed data.</li> <li>ii. It includes property information and boundary vector data captured by surveyors for their Clients.</li> <li>iii. It also includes aerial imagery and topographic data captured for various business requirements.</li> </ol> </li> <li>c. There also needs to be some capacity to recover revenue from Users of bulk LDS data.</li> </ol> </li> </ol>
<p><b>Paragraph 3:</b> Changes to forecast costs and revenue</p> <p>[Refer also Paragraph 11 and Paragraph 27]</p>	<ol style="list-style-type: none"> <li>4. The fees review has been triggered by rising costs and reduced revenue.               <ol style="list-style-type: none"> <li>a. This basic ‘cause and effect’ issue is a normal commercial equation. In a true commercial enterprise where reduced revenue is experienced (or forecast), efficiency measures are implemented, or alternative revenue streams are pursued. Solely increasing fees would challenge the viability of the business in a competitive market.                   <ol style="list-style-type: none"> <li>i. As a monopoly provider of the survey and titles service, LINZ are taking advantage of the captured market of users of that service.</li> </ol> </li> <li>b. We would also expect that increased revenue (from more transactions) and cost reduction (from processing efficiencies) would trigger a fee review that would in turn <u>reduce</u> the current charges. This has historically never eventuated, with over-recoveries seeding the LINZ memorandum account.</li> </ol> </li> </ol>
<p><b>Paragraph 4:</b></p>	<ol style="list-style-type: none"> <li>5. Increased investment in modernising Landonline has contributed to the forecast deficit.</li> </ol>

<p><b>June 2024 forecast deficit of the memorandum account</b> <b>Paragraph 4:</b></p>	<ul style="list-style-type: none"> <li>a. We accept that some modernisation and maintenance cost burden should be placed upon the users of the service – but how much is fair and reasonable? <ul style="list-style-type: none"> <li>i. Why should ‘today’s’ user carry a large portion of costs for a system that will benefit future users?</li> <li>ii. How can the users of the service be sure that the modernisation is being undertaken efficiently?</li> </ul> </li> <li>6. Increased costs to maintain the legacy Landonline system has also contributed to the forecast deficit. <ul style="list-style-type: none"> <li>a. This may be a cost that cannot be mitigated. <ul style="list-style-type: none"> <li>i. But if it is as a result of inadequate planning, then again, how is this fair?</li> <li>ii. How can the users of the service be sure that the maintenance is being undertaken efficiently?</li> </ul> </li> </ul> </li> </ul>
<p><b>Paragraph 5:</b> <b>Revenues below those forecast</b></p>	<ul style="list-style-type: none"> <li>7. It is noted that reduction in revenues would directly affect modernisation work and operational services. <ul style="list-style-type: none"> <li>a. A reduction in operating services must not be at the expense of an initial effort to seek efficiency gains in the provision of the service first.</li> <li>b. A reduction of operational services that affect the timeliness of the service is unlikely to be impactful for users – the timeliness has been generally poor for many years now.</li> </ul> </li> </ul>
<p><b>Paragraph 6:</b> <b>Fees Model</b></p> <p>[Refer also Paragraph 17]</p>	<ul style="list-style-type: none"> <li>8. The LINZ fees model attributes the costs of providing the services. <ul style="list-style-type: none"> <li>a. How can we be certain that the fees model is robust and relevant?</li> <li>b. We consider that the fees model being used is flawed as it does not adequately take into account the following aspects of the system: <ul style="list-style-type: none"> <li>i. the interconnectedness of the survey and titles services processes – how property rights are resolved and improved as part of the survey definition process, which then benefit and sustains the subsequent title information.</li> <li>ii. the public good value – for example how the provision of a secure title supports the economic value of a property in terms of providing security for bank loans (providing assurance to the financial institution).</li> <li>iii. benefits to local government – by confirming land areas that are a basis for rateable income charges.</li> </ul> </li> </ul> </li> </ul>
<p><b>Paragraph 7:</b> <b>Online search fees</b></p> <p>[Refer also Paragraph 33 and Paragraph 52]</p>	<ul style="list-style-type: none"> <li>9. The proposed rise from \$6 to \$9 (+50%) is noted. This increase is stated to reflect the recovery of the costs of “increased investment in digital services”. <ul style="list-style-type: none"> <li>a. We do not accept this increase.</li> <li>b. The reason provided for the increase is ambiguous – and appears to carry a disproportionate component of revenue recovery compared with cost of the service.</li> <li>c. Subsequent justification of increased fees relies on the policy of fees reflecting the <i>costs of service</i> (para 27). <ul style="list-style-type: none"> <li>i. With the online data having been already captured and stored, and is able to be automatically electronically retrieved – how can a 50% increase for this item be justified?</li> <li>ii. The ICS have previously expressed a view that increasing costs of searching will have a direct and detrimental effect on the search process (our 2021 submission detailed this aspect).</li> </ul> </li> </ul> </li> </ul>
<p><b>Paragraph 7 Table 1:</b> <b>Proposed Fees</b></p>	<ul style="list-style-type: none"> <li>10. Table 1 sets out the proposed fees and respective percentage changes. <ul style="list-style-type: none"> <li>a. The proposed fees are based on the LINZ fees model which is described as a model that attributes the cost of providing the services. <ul style="list-style-type: none"> <li>i. If any one or part or set of these assumptions is inaccurate, then the resultant proposed fee value would be miscalculated.</li> </ul> </li> </ul> </li> </ul>

	<p>b. Expressing the changes as percentages is one way of summarising the current/proposed fee difference. A range of percentage changes that are generally similar could be considered “fair”.</p> <p>i. However, applying a “reasonableness” factor to the fee items (in addition to the five criteria used (para 22) would contribute to a better outcome – in terms of the assessment and in terms of fee revenue forecast.</p> <p>11. Refer to Table 1 page 5 and Section 3 paragraph 48 and 49 for more detail on an ICS recommendation regarding proposed title registration fee items.</p>
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Section 2: Defining the Issue	
<p><b>Paragraph 11: Operating Expenses</b></p> <p><i>[Refer also Paragraph 3]</i></p>	<p>1. The rise in expenses reflect the increased financial investment in STEP and the rise in core administration costs to maintain service delivery quality and remunerate staff.</p> <p>a. This is the same for the commercial sector – the survey and title professionals that are the main stakeholders and customers of the services.</p> <p>i. In our competitive markets, there is no financially prudent capacity to simply increase our fees when costs increase and work volumes decrease.</p> <p>ii. LINZ enjoy the luxury of being a monopoly agent providing a service that is a compulsory part of the NZ land registration system. It is therefore unfair to increase charges without also implementing efficiencies in the provision of the service; and/or improving the services; and/or enhancing the service.</p>
<p><b>Paragraph 12: Maintaining Legacy Landonline</b></p>	<p>2. Arguably, why should current/future users of Landonline be burdened with the Landonline legacy costs? And why was there not sufficient budget allowed for, or retentions from earlier memorandum accounts set aside for this legacy maintenance?</p> <p>a. Prior justifications for developing Landonline have always promoted reducing the costs and timeliness of the service as a benefit to users and landowners.</p> <p>i. Although a digital land information system is a modern improvement in comparison to a paper-based record, the costs of the providing the service have never reduced in the Landonline lifetime (from 2000).</p> <p>ii. Also, the related costs of contributing to that system (by way of IT upgrades; user training; third-party software investment etc) are additional cost factors a user organisation must account for to interact with Landonline.</p>
<p><b>Paragraph 15: Continued Deficit is a Risk to LINZ</b></p>	<p>3. We find it difficult to reconcile that there is the potential for the financial stability of LINZ being left at risk (by government) by forecast deficit(s).</p> <p>a. The accepted premise is that the Landonline system underpins the NZ economy<sup>1</sup> – so it is very unlikely that an important asset that sustains that system would be left to degrade.</p> <p>b. Reducing the investment in modernisation of Landonline would be an unfortunate way to save costs – surely a strive to be more efficient at delivering the service would be pursued initially.</p> <p>c. Reductions in the levels of service is stated to risk the ability to maintain the timeliness of the service (as well as quality and security).</p> <p>i. The currently timeliness of the service still needs improvement in our view.</p> <p><sup>1</sup> Appendix 2: The value of survey and title services</p>



<p><b>Paragraph 17: LINZ Fees Model and Forecast Costs</b></p> <p><i>[Refer also Paragraph 6]</i></p>	<ol style="list-style-type: none"> <li>4. The LINZ fees model is based on a detailed activity-based costing model, that identifies the specific costs of processing transactions and operating Landonline. <ol style="list-style-type: none"> <li>a. How can LINZ – and the ICS as stakeholders – be sure that this model is accurate and fit-for-purpose? <ol style="list-style-type: none"> <li>i. How is the model verified? Is it auditable? Can it be trusted to deliver a ‘reasonable’ cost share of the processing actions to the respective survey or title component fee item?</li> <li>ii. How does the model cope with the myriad of variables over a range of survey types?</li> </ol> </li> <li>b. It is possible that any error in the model will result in an anomaly with the outcome – in this case costs of the service.</li> </ol> </li> <li>5. The forecast fee revenue requirements are noted. These are stated to be the result from increased expenditure including increases in the costs for digital delivery services. <ol style="list-style-type: none"> <li>a. This factor is not further detailed or justified, but is contradictory to the premise that Landonline as a digital service is a service that is <i>more efficient and so deliver financial benefits</i> (refer paragraph 18 statement). Financial benefits can be by saving costs, and/or delivering faster approvals and titles. <ol style="list-style-type: none"> <li>i. From the initial operations of Landonline in the early 2000’s the cost of the services - in terms of fees - have only increased beyond the costs of the service pre-Landonline. This again contradicts one of the main justifications in moving toward a digital on-line land information record system.</li> </ol> </li> </ol> </li> </ol>
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<b>Section 3: Review of Survey and Title Fees</b>	
<p><b>Paragraph 22: Criteria</b></p> <p><i>[Refer also Paragraph 7 Table 1]</i></p>	<ol style="list-style-type: none"> <li>1. The assessment criteria is drawn from Treasury cost recovery guideline principles.</li> <li>2. We have reviewed the document <i>Guidelines for Setting Charges in the Public Sector [2017]</i><sup>A</sup>.</li> <li>3. We accept and agree that the five criteria – fair; effective; efficient; sustainable; transparent/predictable - are all valid.</li> <li>4. However, we contest that there is a critical criterion missing - “<b>reasonable</b>”. That is, “<i>Is the fee being charged <u>reasonable</u> in terms of the status of the information or service being provided?</i>” <ol style="list-style-type: none"> <li>a. Page 2 of the Treasury Guidelines document introduces the expectation that: “<i>agencies need to demonstrate to fee payers throughout this process that fees are fair and reasonable, and this requires demonstrating transparency about the composition of fees.</i>”</li> <li>b. We contest that the addition of a criterion of ‘reasonable’ is of equal importance (compared to the others) and should be included in the assessment. This may affect the outcome – not only of the fee adjustment options in paragraph 41 Table 2, but also the assessment of alternative approaches in Appendix 6 Table 9.</li> <li>c. And when this criteria is applied directly to the cost recovery fees update process, an improved outcome results.</li> </ol> </li> <li>5. The criteria transparent/predictable is noted. <ol style="list-style-type: none"> <li>a. Potentially, the ‘reasonable’ factor can be agreed by key stakeholders and applied as appropriate.</li> <li>b. How is the search fee increase of 50% comply with this criteria?</li> </ol> </li> </ol> <p><sup>A</sup><a href="https://www.treasury.govt.nz/sites/default/files/2017-04/settingcharges-apr17.pdf">https://www.treasury.govt.nz/sites/default/files/2017-04/settingcharges-apr17.pdf</a></p>
<p><b>Paragraph 23: Alternate Approaches</b></p>	<ol style="list-style-type: none"> <li>6. Three alternate administratively feasible approaches to fund survey and title services were considered – a fees system (status-quo); a levy system; and Crown funding.</li> </ol>

<p>[Refer also Appendix 6 pg41 Table 9]</p>	<ul style="list-style-type: none"> <li>a. Although there were no details supplied for the alternative approaches, the general concepts of each are understood.</li> <li><b>b. We consider that a levy system has immense merit – and must be more seriously explored.</b></li> <li>c. We also consider that – at the very least - consideration should be given to a combination of a fees system <u>and</u> a levy system to fund the survey and title system. And potentially – a combination that also includes some Crown funding also.</li> <li>d. With the application of the “reasonableness” criterion, and an alternate (commercial) subjective analysis of the other criteria, the ICS has reassessed the alternative feasible funding approaches and the Levy system has a net score of “4”, equal to the Fees system. (Refer Appendix 6 Table 9 comments for details). This elevates the levy system as a contender.</li> </ul>
<p><b>Paragraph 26: Option Development</b></p>	<ul style="list-style-type: none"> <li>7. We are heartened that LINZ have considered the user concerns that were raised in the 2021 submissions.</li> <li>8. We are also cognisant that the (then) Minister of Land Information (Hon. Damien O’Conner) in his 3-June-2021 Cabinet Paper clearly expressed that <i>“additional funding options need to be tested further and will be considered as part of the next fee review”</i> (page 2 para12) <ul style="list-style-type: none"> <li>a. Although it appears that LINZ have considered additional funding options as directed by the Minister – we consider that only token consideration has been paid to this aspect.</li> <li>b. A more serious and detailed analysis is required in light of the reliance on the fragile nature of using property market activity forecasts and estimating future service costs as a way of setting fees.</li> </ul> </li> </ul>
<p><b>Paragraph 27: Fees to Reflect the Costs of Service</b></p> <p>[Refer also Paragraph 3 and Paragraph 11]</p>	<ul style="list-style-type: none"> <li>9. The 2021 fees review was based on the revised system and model where fees reflect the costs of service. <ul style="list-style-type: none"> <li>a. This approach is simplistic and appears workable, but we consider it is a fundamental impediment when it comes to setting fair and reasonable fees for the survey and titles system. <ul style="list-style-type: none"> <li>i. As previously intimated, if the components within the model that allocate actions to a particular fee item is not accurate, then the outcome will be flawed.</li> </ul> </li> </ul> </li> </ul>
<p><b>Paragraph 30: Status quo - Degradation of NZ reputation for property rights administration</b></p>	<ul style="list-style-type: none"> <li>10. Not updating fees will reduce the investment in STEP and the costs of the survey and title administration, which in turn will likely significantly degrade NZ’s international reputation for property rights administration. <ul style="list-style-type: none"> <li>a. Does NZ have to be a world leader in property rights administration?</li> <li>b. Why persist with building a Tesla when a Toyota Prius may be perfectly adequate?</li> <li>c. How do additional vanity projects and modernisation tasks fit in relation to providing ‘core’ functions of maintaining the property rights database? (eg: 3d Cadastre – how does that benefit the majority of land transactions that are only 2d datasets and was the industry canvassed on the need for a 3d Cadastre?; and removing the requirement for survey plans)</li> </ul> </li> </ul>
<p><b>Paragraph 31: Status quo - Option A – Cost recovery</b></p>	<ul style="list-style-type: none"> <li>11. A cost recovery update is stated to be the most straightforward and equitable means of apportioning costs. <ul style="list-style-type: none"> <li>a. The equality of the costs is again fully dependent on the model assumptions being close to accurate.</li> <li>b. This would also be the earliest option to expedite a fees increase in comparison to a re-engineering of a fees model.</li> </ul> </li> </ul>
<p><b>Paragraph 33:</b></p>	<ul style="list-style-type: none"> <li>12. The explanation of the “modestly larger” allocation of fee revenues from electronic search business leading to higher fees for search is contradictory.</li> </ul>

<p><b>Search fee proportion increase</b></p> <p><i>[Refer also Paragraph 7]</i></p>	<p>13. We can only surmise that the 50% increase in search fees for the approximate 3 million (Appendix 1, Table 5) annual transactions is simple revenue gathering from a captured market.</p> <ul style="list-style-type: none"> <li>a. We have previously expressed our concerns that the larger proportional fee increase for search will be detrimental to the depth of searching completed by some surveyors.</li> <li>b. A poll of our membership indicates that some 56% may restrict searching because of increased cost.</li> </ul>
<p><b>Paragraph 39: Option C: Limit fees for Manual Checking of complex transactions</b></p>	<p>14. Manual checking of CSD compliance is the most expensive service provided by LINZ.</p> <ul style="list-style-type: none"> <li>a. This is obviously the case – but it is also vital to the integrity of the NZ cadastral survey system. As much as some of this may be able to be simplified by automated checks and reports – the validation of datasets by experienced property rights analysts, and sometimes subject matter experts in the case of complex definitions - is always going to take up resource and time and therefore be a cost. This can and should never be fully automated in our opinion. <ul style="list-style-type: none"> <li>i. We contend that although it may be the CSD that is being manually checked (and therefore assigned to a “survey” category), the subsequent title diagram, primary parcels, and non-primary interest outputs are beneficiaries of this LINZ validation also. Therefore, some part of the “survey” data validation costs must be allocated to the “title” category.</li> </ul> </li> </ul>
<p><b>Paragraph 41: Assessing the Options</b></p>	<p>15. The three options have been compared according to the five criteria informed by the guidance. The cost recovery update (Option A) is the recommended option.</p> <ul style="list-style-type: none"> <li>a. Notwithstanding that the assessment of the criteria to each option is rather subjective, the ICS would generally prefer the status quo or cost recovery update options as opposed to limiting fees for residential transactions or manual processing options.</li> <li>b. Further, the ICS would also prefer that alternative revenue sources are implemented as well.</li> </ul>
<p><b>Paragraph 42: Questions</b></p>	<p>16. The three specific questions are answered as follows:</p> <p><b>Question1: Which option do you prefer for the updated fees?</b> None – see below.</p> <p><b>Question2: Why is this your preferred option?</b> See below.</p> <p><b>Question3: If none of these options, what is your preferred approach and why?</b></p> <p>17. The ICS would prefer the cost recovery update option conditional upon it also incorporating the application of an improved LINZ fee model assessment – one that fairly and reasonably apportions the processing actions against the wider survey and title outcomes that are produced; and</p> <p>18. That the cost recovery update for all survey and title fees also includes a criterion of fee “reasonableness” to the assessment. That is, the completion of a subsequent review that looks at the fee components being charged and apply (a subjective) application of “<i>is the fee at a reasonable level in terms of the status of the information being provided</i>”.</p>
<p><b>Paragraphs 48 and 49: Title service updated fees</b></p>	<p>19. Both paragraphs indicate that the proposed updated title fees for simple residential transactions are a “small component” of the amount charged by a conveyancer; and the fees are “a very small share” of house prices.</p> <ul style="list-style-type: none"> <li>a. The solution therefore is simple – assign a greater increase to this component. This would be “fair” and “reasonable” (and “effective”,</li> </ul>

	<p>“efficient” and “sustainable” in our view - in terms of the Treasury Criteria.</p> <p>b. A simple demonstration of possible title registration fee revenue would be:</p> <ul style="list-style-type: none"> <li>i. Current Fee was \$90 = \$59.6million revenue</li> <li>ii. Proposed Fee \$117 = \$77.5million revenue</li> <li>iii. Recommended Fee (by ICS) \$150 = \$99.35million revenue (+22million compared to that proposed)</li> <li>iv. [Other registration fees could be increased to be relative to the instrument registration fee – resulting in further revenue increases across the board – Refer Summary - Table 1 as an example]</li> </ul>
<p><b>Paragraph 52: Search Customers</b></p> <p><i>[Refer also Paragraph 7]</i></p>	<p>20. Search fees are stated to be a low proportion of the costs of survey lodgements and title dealings. The proposal is to raise the search fee by 50% from \$6 to \$9.</p> <ul style="list-style-type: none"> <li>a. There is no clear justification offered that explains the 50% rise in this fee.</li> <li>b. Although it may be a low proportion of the cost of transactions, a thorough and complete survey and title data search is a vital part to ensure a sound definition results (in terms of a survey dataset).</li> <li>c. In addition, the ever expanding number of datasets will mean in a greater number of search documents (survey plans) are required to be extracted in most locations.</li> <li>d. Not all search actions result in a survey job or subsequent property rights transaction.</li> </ul>
<p><b>Paragraphs Questions:</b></p>	<p><b>Question4: What impact could the proposed updated fees have on you, your household or your business?</b></p> <p>Any fees that LINZ charge to survey consultancies for land survey projects will be on-costed to their clients. Therefore, the cost to our business’ will be neutral.</p> <p>However, as representatives of our clients – who are likely not directly aware of the proposed fee update, nor in a position to make submissions on it – the fees will be considered an additional compulsory cost, which will be recovered in the price sought for a property (if the cost relates to a subdivision of land) and therefore further inflate the cost of development, and therefore housing.</p> <p><b>Question5: What do you think the wider impacts of the proposed updated fees could be for your industry or for households?</b></p> <p>As implied above, increased costs will always be passed on along the line to rest with the end-user. And thus contribute to the overall cost of development/cost of subdivision/cost of selling property processes.</p> <p><u>General comment:</u></p> <p>We consider that these questions are amorphous, and are a token request for evidence to cover off the required consultation process.</p> <p>We believe that the proposed fees increase levels are a fait accompli, and any detailed response with evidence to these questions will have no bearing on the LINZ recommendation - and Ministerial/Cabinet decision.</p>

<b>Section 4: Next Steps and Implementation, Monitoring and Review</b>	
<p><b>Paragraph 66: Further Review</b></p>	<p>21. LINZ has previously signalled that a further fees review (increase) will be undertaken after the completion of STEP and when new Landonline is fully operational.</p> <ul style="list-style-type: none"> <li>a. As this period is likely to follow soon after the current proposed increase, we would anticipate that any subsequent increase will be minimal.</li> </ul>

	<ul style="list-style-type: none"> <li>b. If not undertaken as part of this review, we would expect that a reconsideration of the LINZ fees model will be included at that time – potentially incorporating a thorough revision of the inter-connectedness of the survey and title system and how that translates into the LINZ processing actions and outcomes.</li> <li>c. And in addition, the serious consideration of an alternate funding approach be woven into this review period also. This would seem appropriate as new Landonline enters its next generation.</li> </ul>
<b>Paragraph 66: Questions</b>	<p><b>Question6: Do you have any additional comments on the survey and titles fee system?</b></p> <p>Our comments have been included within the above narrative – as we have addressed the particular paragraphs in the discussion document.</p>

<b>Appendix 1: Options for updated fees</b>	
<b>Table 5: Part 2 Auditing Compliance</b>	<p>22. The hourly rate fee is presumed to reflect a LINZ Survey Auditor (Inspecting Surveyor).</p> <ul style="list-style-type: none"> <li>a. This rate appears to be a commercial rate that reflects the labour cost plus overheads plus profit margin. <ul style="list-style-type: none"> <li>i. How can this type of commercial rate be so applied where the cost of the service is supposedly the driver to recover revenue?</li> </ul> </li> </ul>
<b>Table 5: Title fees – Part 2</b>	<p>23. The registration and other fees relating to the deposit of a plan; creating a record of title, and registering instruments (eg: easements) are wholly dependent on the survey that precedes and triggers it – and the proper population and recording of all of the various parcels and schedules and appellations that create the record of title .</p> <ul style="list-style-type: none"> <li>a. For example, a subdivision defines parcels of land. By default, it defines or adopts all common boundaries of adjoining land, often updating that data and improving the integrity of the cadastral information (especially so in rural areas), and so benefitting the adjoining parcels and Landonline database to the wider public good.</li> <li>b. These “survey” items are checked by Property Rights Analysts and so the costs of that service are presumably wholly allocated to “survey”. Is this fair noting the above comment?</li> <li>c. Adequate sharing of a portion of these survey “costs” to the “titles” documentation costs of service would be justifiable in our view.</li> </ul>

<b>Appendix 2: The Property Rights System</b>	
<b>Pg27: The Value of survey and title services</b>	<p>24. The wider public good benefits of a secure and reliable survey and title system has been previously identified by the ICS in prior submissions on fees.</p> <p>25. In Appendix 6 of the Discussion Document (pg40) the examples are further noted.</p> <ul style="list-style-type: none"> <li>a. The official guarantee of secure title allows for financial security for loans by banks. <ul style="list-style-type: none"> <li>i. Therefore, financial institutions are a major party that relies upon that secure title information, and would be a party that could pay a fee or levy for that benefit.</li> </ul> </li> </ul>
<b>Pg28: Why survey and title services are fee-funded</b>	<p>26. The survey and title information are specific to owners of property and provide them with some economic benefit. The case for recovering costs from that private good is noted and accepted.</p> <ul style="list-style-type: none"> <li>a. However, much of that rich information is subsequently provided <i>free of charge</i> via the LDS (LINZ Data Service).</li> </ul>

	<ul style="list-style-type: none"> <li>b. If the private good rests with the property owner, then should they not benefit from some sort of return on ‘their’ information being utilised by others?</li> <li>c. In addition, that “economic benefit” does not solely rest with the owners of property – it also benefits their bank; beneficiaries of the landowner; the local authorities (for rating purposes); and the wider economy.</li> </ul>
<b>Pg29: Survey and title administration is efficient</b>	<p>27. The table on page 29 states that compliant cadastral survey datasets took 10-12 working days to approve in 2022/23.</p> <ul style="list-style-type: none"> <li>a. The ICS evidence is that this timeframe was not the average achieved, with timeframes taking longer – and closer to the 15-20 day range.</li> </ul>

<b>Appendix 3: Comparable Survey and Title Systems</b>	
<b>Pg34: Comparable</b>	<p>28. Comparisons with Australian states is understandable – but actually irrelevant.</p> <ul style="list-style-type: none"> <li>a. It is noted that in Australia jurisdictions, surveyors retain copyright of the plans and can receive the benefit of royalties on their survey data when they are on-sold as search documents by government.</li> </ul>

<b>Appendix 6: Assessing Alternate Funding Approaches</b>	
<p><b>Pg41-Table 9 Alternative Approaches</b></p> <p><i>[Refer also Paragraph 23]</i></p>	<p>29. The ICS has canvassed our Members opinions on the three alternative funding approaches – Fees system; Levy system; and Crown funding</p> <ul style="list-style-type: none"> <li>a. A combination of alternative approaches would appear to be workable and would offer the best of the options available – but was not considered by LINZ.</li> <li>b. Potentially, a combination of all two – or all three - would be fair and reasonable, and would satisfy the criteria used to test the alternate funding options.</li> <li>c. 36% of ICS Members favoured a fees and charges system<sup>1</sup>. 32% favoured a combination of the Fees and Levy system, and 16% favoured a combination of all three approaches.</li> </ul> <p>30. Applying an additional “reasonableness” criteria, and reviewing of the subjective criteria comments as follows would result in a net score of “4” for the Levy system. The reassessment being:-</p> <ul style="list-style-type: none"> <li>a. “Fair” = A secure title endures and so a levy so applied would have an on-going enduring benefit for all those who hold a guaranteed title. Score change from “N” to “tick”.</li> <li>b. “Reasonableness” = The application of a levy to support funding for on-going maintenance of a critical asset that underpins the NZ economy is considered reasonable. Score = “tick”</li> <li>c. “Efficient” = This is currently scored “N” – and is noted that only a small proportion of property owners use specific survey and title services in any year. The FENZ levy is used as an example of a levy charged to homeowners via insurers – this existing levy is also only ‘used’ (as in resulting in a claim) by a small proportion of homeowners annually, but is considered an efficient way of recovering FENZ costs. This is considered comparable to the recovery of survey and title system costs. Score change from “N” to “tick”.</li> </ul> <p><small>[<sup>1</sup> With conditions that additional revenue recovery aspects are implemented such as charging for LINZ Data Service information; higher charges for casual users and Banks etc]</small></p>